



Forest Resources and Technologies (FOREST) Project

Cooperative Agreement Number 118-A-00-00-00119-00

Quarterly Report

October 1, 2002 – December 31, 2002

Submitted to

**United States Agency for International Development
Moscow, Russia**

Submitted by

**Winrock International
Chemonics International Inc.
The Heron Group, LLC**

This report was made possible by a grant from the United States Agency for International Development through the Moscow-funded Forest Resources and Technologies Project.

Table of Contents

I.	Introduction.....	1
II.	Quarterly Highlights	1
III.	Overall Project	1
IV.	Four Technical Components	3
A.	Fire Prevention.....	3
B.	Pest Management.....	8
C.	Non-Timber Forest Products and Secondary Wood Processing.....	11
D.	Renewable Energy Alternatives/Biomass.....	15
V.	Cross Cutting Components	18
A.	Forest Policy and Legal Reform	18
B.	Applied Forestry Research.....	18
C.	Grants/Loan Program.....	18
	Volunteer Program.....	21
VI.	Notifications.....	23

Appendices

Appendix A: FOREST Project Meetings and Contacts

Appendix B: Project Personnel Level of Effort for Quarter and Life of Project

Appendix C: Trip Reports

I. Introduction

Winrock International, in partnership with Chemonics and the Heron Group, was awarded the Forest Resources and Technology (FOREST) Project on July 21, 2000. This five-year project is based in Khabarovsk, Russia and will be implemented July 2000 - July 2005 in the Russia Far East and Siberia. The major goals are to reduce the threat of global climate change and preserve biodiversity by promoting sustainable forest management and preserving Russian forests as a globally important carbon sink and critical habitat for rare and endangered species.

The FOREST Project is achieving these goals by focusing on four technical components: forest fire prevention, pest management, non-timber forest products and secondary wood processing, and renewable energy alternatives. In addition to the four primary components, three crosscutting components (forest policy and legal reform; applied forestry research; and a grant/loan program) will support the technical components.

This report covers the 2nd quarter of Year 3 of the FOREST Project – October 1, 2002 to December 31, 2002.

II. Quarterly Highlights

- Fire Prevention Component trained over 300 educators in fire prevention education in Sakhalinskaya Oblast and Krasnoyarski Krai
- Pest Management Component has identified that the Siberian moth is indeed present in Vladivostok, however this does not represent a threat to North America at this time.
- Non-Timber Forest Product & Secondary Wood Processing Component client *Region 7 NTFP Association*, signed three contracts resulting in export sales of 300 metric tons of honey valued at \$900,000 per annum.
- Biomass Energy Component client Igirma-Tairiku has begun foundation work for implementing four biomass fired boilers which will convert 120,000 m³ of wood-wastes to dry 150,000 m³ of dry lumber with an annual estimated profit of 1 M USD per annum.

III. Overall Project Information

A. Highlighted Activities, Results, and Findings

- Jeffrey VanDreal, 1st Secretary from the American Embassy in Moscow, and Gregg Halstead, new Regional Initiative Coordinator based in Sakhalin, traveled to Khabarovsk to meet with FOREST staff and other USAID contractors on November 22nd. The team was briefed on all FOREST activities and plans for the future. FOREST plans to have closer coordination with RII to assist clients by drawing on resources other programs.
- FOREST Project successes were displayed the 4th Annual Krasnoyarsk Forest Products Show where participants included Acting Governor of Krasnoyarski Krai N. Ashlamov accompanied by Vice-Governor V. Zvantsev, Head of Krasnoyarski Krai Forest Service

V. Vekshin (FOREST Project Advisory Council members). FOREST representatives briefed the acting governor about project activities in the krai. The Governor highly appreciated the project activities, wished the project to achieve the set goals and called for close cooperation with the Administration and Forest Service. At the closure of the show, FOREST was recognized as one of the show's laureates, and Krai Vice-Governor V. Zvantsev awarded FOREST an honored diploma recognizing FOREST's promotion of sustainable forest management in Krasnoyarski Krai.

- FOREST continues to collaborate with the World Bank. Evgeny Kuzmichev, FOREST Project Deputy Program Manager, attended the World Bank Pilot Project Seminar in Moscow October 30th to November 1st. During the meeting, FOREST was noted several times by speakers at the seminar as a model project, and World Bank representatives restated their intention to collaborate with FOREST and to specifically support FOREST's work in the education program.

B. Key Issues, Problems and Findings Based on Work to Date - None

C. Project Management

Logistics/Staffing

- For the quarter October - December 2002, the level of effort break for the FOREST Project was divided at **Russian 86.5%** and **Expatriate 13.5%**. For the life of project, the break down is Russian 82.5% and US 17.5%.
- Project Manager Craig VanDevelde resigned from his post. Patrick Perner was identified to carry on the work Craig started and was approved by USAID. Patrick was trained at Winrock Headquarters traveled to Moscow, and FOREST office in Khabarovsk, Krasnoyarsk and Sakhalin in December. While there he met FOREST staff, local administration officials and AC members including Mr. Vekshin, Mr. Chekurdaev and Mr. Kotelnikov. Patrick took over responsibility of the project January 1, 2003 and Craig will return to Winrock's Headquarter the end of January. Craig's dedication, sense of humor and hard work will be missed.

Advisory Council

- The FOREST Project's Advisory Council meeting was held December 17th and 18th, 2002, in St. Petersburg, Russia. Fourteen Advisory Council members attended including Yuri A. Shuvaev, Deputy Minister of Natural Resources. In his greetings Mr. Shuvaev reported that the implementation of the FOREST Project had been reviewed at the meeting with Mr. Artyukhov, Minister of Natural Resources, and recognizes that FOREST has made a significant contribution to the development of relationships between the United States and Russian Federation in forestry. Furthermore, the Ministry recognizes that FOREST supports a number of provisions of the Forestry Development Concept developed by the Ministry of Natural Resources, and that FOREST's work is greatly needed and very much appreciated. The Deputy Minister expressed his confidence that FOREST Project had taken a significant part in the realization of the Ministry of Natural Resources programs, and hoped for the extension and further development of Winrock International's programs in Russia. Also in attendance were Paul Mulligan, Director of the Business Development and Investment Department at

USAID-Russia, and Richard Brown, Winrock International's Vice-President for Programs.

- Irkutsk Oblast Deputy Head Alexander Rudik was invited to be a member of the FOREST Project's Advisory Council. He was briefed on FOREST Project goals, objectives and progress of the project, and demonstrated a deep interest in all project components and understanding of the objectives. Mr. Rudik showed a special interest in the Biomass Energy Component and expressed his wish to consider northern oblast enterprises, where oil products and coal delivery issues are especially acute, as potential implementation sites.

IV. Four Technical Components

A. Component 1 – Fire Prevention

1. Highlighted Activities, Results, and Findings

- More than 40 journalists developed high-quality articles and materials informing people of the danger of forests fires through the Journalist Contest. Several officials of national and krai level departments (MNR, Krai and Oblast administrations, and the Department of Education) were judges in the journalist contest and learned about the importance of fire prevention and fire prevention activities going on in their. The contest, which encourages journalists to explore forest fire issues and encourages them to seek publication of articles on the topic of forest fire prevention, produces high quality publications at little cost to FOREST.
- FOREST targeted specific forest user to reduce forest fires. In Krasnoyarski Krai, the “Nash Krai” newspaper agency reached an estimated 150,000 citizens of Krasnoyarski Krai with community events at popular family picnicking places using the Tiger/Bear mascots to distribute FOREST Project tip sheets and souvenirs. Two local newspapers (Nash Krai and Krasnoyarski Rabochii) and the Afontovo television station covered these events. In Sakhalinskaya Oblast, the Tymovskoe Junior Forest Rangers arranged several community events and traveled to villages in and around Tymovskoe disseminating FOREST Project tip/fact sheets.
- Foresters have hosted community programs, developed forest fire education informational stands for the public, and applied their improved community outreach skills developed through FOREST Training over the last year. During their final training Khabarovsk foresters shared concrete examples of how they had partnered with local NGOs, schools, small businesses, and/or administrations. This exchange of ideas allowed the foresters to learn from one another and become more aware of other efforts within the Krai. Foresters appreciated the training -- as one participant described, “A year ago when I started to receive this training, I was very apprehensive about it – now, after eight months of using it, I have found a new value to staying in the forester's career.” Twenty-six foresters participated in the third round of interactive, participatory communications and public outreach training, held in Sosnovka, October 22–24.
- Railroad personnel are distributing/displaying the FOREST Project's fire prevention tip/fact sheets, tiger/bear stickers, and posters as and talking to their passengers about fire prevention. It is expected that, as railroad passengers and employees learn to be aware of

the potential for starting fires, they will be more careful and observant when the trains pass through the countryside and thereby help reduce the number of human-caused forest fires. Viazemski Forestry College students, trained by FOREST staff, educated the railroad personnel. Linkages are being actively sought to pair Viazemski Forestry with NGO's, mass media, and other partners that are interested in fire prevention communication activities.

- Over 300 educators were trained in fire prevention education in Sakhalinskaya Oblast and Krasnoyarski Krai. Training programs for educators of school-aged children (including junior forest ranger leaders, school teachers, extra-curricular professionals, and librarians) were focused this quarter in Krasnoyarski Krai and Sakhalinskaya Oblast. A total of 787 educators have been trained to use this curriculum in the schools throughout project area. In addition, Elena Popova, Primorski Krai teacher, reproduced on her own initiative the draft materials received from an October 11, 2001 seminar and trained 35 colleagues who are currently educating students in six schools in Primorski Krai. A survey was created and will be disseminated to all trained educators next quarter to determine the impact of the program, both in terms of the number of students reached and the effectiveness of the lessons, activities, and materials.
- Forest fire prevention recognized at the 7th Annual Far East Medical Specialist Exhibition as a way to reduce hazardous health effects. The importance of forest fire prevention was presented at the November Khabarovsk exhibition by the Office of the Russian National Environment Protection Society who displayed FOREST Project fact/tip sheets, informational banners, and general awareness souvenirs. Over 600 people walked away with FOREST Project fire prevention souvenirs and at least 100 interpersonal communications took place discussing the health problems related to forest fires and how the average person can help reduce the occurrence of forest fires.
- Gasinskii Model Forest, Khabarovsk Krai, officially opened its recreational site on October 24th. As a result of the recommendations and hard work of the FOREST Project marketing volunteers, three television stations, one radio station, and five newspaper journalists covered the opening and did an excellent job of publicizing the location and amenities of the rest area. (This mass media publicity is estimated to have reached over 150,000 people.) The recreational site currently features two gazebos, a large outdoor pavilion with stage, and an ecological trail in close proximity to the Forestry Museum. Construction of small picnic areas is planned for the spring.

2. Results by Objective

Fire Prevention Results as per USAID/Russia's Strategic Objectives

SO 1.6 Environmental Resources Managed More Efficiently to Support Economic Growth				
<i>IR 5.3</i>	<i>Previous Total</i>	<i>This Quarter Total</i>	<i>LOP total</i>	<i>Comments</i>
(1) Number of groups participating in Forest Fire Prevention Education Communication Program(s)		286		This number is comprised of 12 NGO's, 11 community/innovative groups, 41 mass media groups, 164 schools/educational organizations, and 58 leskhozes

¹ 275 educators from Krasnoyarski Krai and Sakhalinskaya Oblast and 35 from Primorski Krai

3. Key Issues, Problems and Findings Based on Work to Date

- Due to budget constraints, the Knowledge/Attitudes/Practices (KAP) surveys for Irkutskaya Oblast and Primorski Krai that were originally planned for Year 3 will not take place this year.

4. Key Deliverables

- Sixteen fire prevention community events in Krasnoyarski Krai, Khabarovski Krai and Sakhalinskaya Oblast held by partners through general awareness campaigns
- Twenty-six Khabarovsk foresters trained in third round of Forester's Communication Training
- Eleven thousand copies of Campfire Extinguishing Behavior poster produced and being distributed
- Three hundred ten educators trained in "Forest Fire Prevention Curriculum for School-aged Children"
- Five Trip Reports
- Success Stories
 - "Fire Prevention Education Program Moves Forward"
 - "Fire Safe Recreation Areas Become a Revenue-Generating Reality in Khabarovski Krai and Sakhalinskaya Oblast"
 - "FOREST Project's Fire Prevention Tiger and Bear Educate Thousands of People in Krasnoyarsk City"

5. Summary of Fire Prevention Component Tasks of the Last Quarter

	Task	Location	Persons Involved	Status/Results
i.	General Awareness	Continuation of the general awareness communication programs in Khabarovski Krai, Krasnoyarski Krai, and Sakhalinskaya Oblast and new programs initiated in Irkutsk Oblast and Primorski Krai.	Ludmila Liamets, Dmitry Piven, Russian Consultants, Eric Abbott, Cari Ann VanDevelde	<p>Ongoing – Forest fire prevention public awareness activities, including community events, establishment of public information stands, and delivery of fire prevention behavior messages through television, radio, and newspapers are being carried out by project partners.</p> <p>Winners of the third round of fire prevention journalism contests in the three regions have been announced.</p> <p>Campfire Extinguishing Behavior Poster developed, tested, revised, printed and currently being distributed for upcoming fire season</p>
ii.	Strengthen Foresters' Communication Skills/	Continuation of the foresters' communication programs in	Dmitry Piven, Ludmila Liamets, Russian Consultants, Dan Hilleman,	Ongoing – The third and final round of foresters training in Khabarovsk took place in October.

Task	Location	Persons Involved	Status/Results
Community Participation	Khabarovski Krai; program initiated in Krasnoyarski Krai, and Sakhalinskaya Oblast.		Training for foresters in Krasnoyarski Krai and Sakhalinskaya Oblast is planned for the spring.
ii. Strengthening Organizations Involving School Aged Children	Continuation of the school-aged programs in Khabarovski Krai, Krasnoyarski Krai, and Sakhalinskaya Oblast and new programs initiated in Irkutsk Oblast and Primorski Krai.	Dmitry Piven, Ludmila Liamets, Training Consultants, Cari Ann VanDevelde	Ongoing – 155 educators in Krasnoyarski Krai, 120 educators in Sakhalinskaya Oblast, and 35 educators in Primorski Krai were trained this quarter. Draft Version of “Fire Prevention Curriculum for Kindergarten/Preparation Year-aged Children” was created and currently graphics/activity pages are being produced to be tested next quarter.
iv. Targeted Groups Campaigns	Continuation of targeted campaigns in Khabarovski Krai, Krasnoyarski Krai, and Sakhalinskaya Oblast	Ludmila Liamets, Dmitry Piven, Eric Abbott, Cari Ann VanDevelde	Ongoing – In Krasnoyarski Krai the “Nash Krai” newspaper agency concluded a targeted campaign for picnickers located within Krasnoyarsk City. In Sakhalinskaya Oblast the Tymovskoe Junior Forest implemented a portion of their campaign targeting village picnickers and will continue some of the activities next spring at the start of the fire season.
v. Monitoring & Evaluation	Continuation of M&E in Khabarovski Krai, Krasnoyarski Krai, and Sakhalinskaya Oblast, and M&E initiated in Irkutsk Oblast and Primorski Krai.	Dmitry Piven, Ludmila Liamets, Local Consultants, Krasnoyarsk & Sak Fire Prevention Staff, Eric Abbott, Harry McClellan, Cari Ann VanDevelde, Dan Hilleman	Ongoing – A survey of Khabarovsk foresters who have participated in the fire prevention trainings was developed and results were presented next quarter. A survey of teachers trained in Krasnoyarsk, Khabarovsk, and Sakhalin was developed and prepared for dissemination next quarter with results expected in May.
vi. Institutionalization of Public Awareness Program for Sustainability	Khabarovski Krai, Krasnoyarski Krai, and Sakhalinskaya Oblast.	Ludmila Liamets, Dmitry Piven, Krasnoyarsk. & Sak Fire Prevention Staff, Cari Ann VanDevelde, John Woods	Ongoing – New RFA Proposals are being sought after input of the inter regional working group through the grants component for the development of informational/activity center that would take long-term responsibility for fire prevention material dissemination and encouraging local population involvement in the planning and implementation of appropriate fire prevention events within the community.

	Task	Location	Persons Involved	Status/Results
vii.	Production and Distribution of Fact/Tip Sheets	Continuation of dissemination in Khabarovski Krai, Krasnoyarski Krai, Sakhalinskaya Oblast, Irkutsk Oblast, and Primorski Krai.	Russian consultants, Cari Ann VanDevelde, Ludmila Liamets, Dmitry Piven,	Ongoing – This quarter, three fact sheets were printed and will be distributed during the Sakhalin foresters training in February.
viii.	Support Development of Rest Areas	Khabarovski Krai, Krasnoyarski Krai, and Sakhalinskaya Oblast.	Dmitry Piven, Krasnoyarsk. & Sak. Fire Prevention Staff, Volunteer forester, Cari Ann VanDevelde	Ongoing – three rest areas are currently under development in Khabarovski Krai, one rest area is currently under development in Sakhalinskaya Oblast, and one rest is currently under development in Krasnoyarski Krai. All rest areas are at different stages of development and should be completed within the year. Proposals were accepted and 1 proposal will be funded from Irkutsk for the third round of the grants program beginning in Jan 2003.
ix.	Increasing Participation and Information Exchange by Contact Group	Khabarovski Krai, Krasnoyarski Krai, and Sakhalinskaya Oblast.	Ludmila Liamets, Dmitry Piven, Local Consultants, Cari Ann VanDevelde, John Woods	Ongoing – As of this quarter there are 1,419 Contact Group members in our database. The 3rd quarterly newsletter was produced and distributed to the Contact Group members in October.
x.	Workplan/Program Development	Khabarovski Krai, Krasnoyarski Krai, Sakhalinskaya Oblast, Irkutsk Oblast, and Primorski Krai.	Dmitry Piven, Ludmila Liamets, Krasnoyarsk. & Sak. Fire Prevention Staff, John Woods, Laura Slattery, Cari Ann VanDevelde, Harry McClellan, Eric Abbott	On-going assessment. First bi-annual meeting of new inter-regional working group held in November. Members were briefed on the current status of Fire Prevention Component activities and provided input to establish a sound RFA for the creation of informational/activity centers.
xi.	Project Monitoring and Reporting	Khabarovski Krai, Krasnoyarski Krai, Sakhalinskaya Oblast, Irkutsk Oblast, and Primorski Krai.	Ludmila Liamets, Dmitry Piven, Krasnoyarsk. & Sak. Fire Prevention Staff, Laura Slattery, John Woods, Cari Ann VanDevelde	Ongoing

6. Level of Effort

During this quarter (October 1 – December 31, 2002) approximately 630 days or 29 months (22

day/months) were spent on the Fire Prevention Component. See Appendix B for detailed breakdown of persons, activities, and time.

B. Component 2 – Pest Management

1. Highlighted Activities, Results, and Findings

- The Pest Management Component held its 6th Seminar on Forest Pest Monitoring on December 10th in Irkutsk. Approximately 80 forest protection experts representing seven regions attended. The results of the latest pheromone trap captures were shared. Draft maps showing effects of zoning in delineating areas of host tree species that are susceptible to Siberian moth were also presented for Irkutskaya Oblast and Primorski Krai.
- On December 11th the 6th Working Group meeting was held in Irkutsk. The meeting was devoted to review the latest results and to discuss workplan development issues for Year 4. This included a general agreement that all traps would be placed a minimum of five kilometers from the nearest next trap and all traps will be baited with a one microgram dispenser for Siberian moth.
- During these meetings, representatives of the Center of Forest Protection in the Buriat Republic agreed to place pheromone traps. FOREST will provide the traps and dispensers and train employees of the Center on how to set up the traps, take GPS readings, and how to collect the traps and prepare the data. The Center for Forest Protection in Irkutsk Oblast has also requested more traps to be placed in that region for the next field season.
- The Center for Forest Protection in Primorski Krai plans to use workers in the Leskhozoes to place and collect traps during the next field season instead of using their own staff for this work. It could show considerable savings in the cost of labor and fuel, the two major cost items in using pheromone traps. Although some concern was expressed about the quality of work by leskhoz workers, the Center director has given assurances that he will set up a quality control effort to ensure data quality.
- Based on data from the first year of trapping in the Primorski Krai, it has now been determined that the Siberian moth does occur in the krai, that the moth is not present in great numbers and does not pose a major threat in regard to accidental introduction into North America at this time.
- Using GIS technology, FOREST developed a technique to more accurately account for the total number of hectares being monitored by pheromone traps for the Siberian moth. This technique involves developing a GIS map layer that shows all traps in all regions. A buffer zone of 2 km was then employed to calculate the area that each trap was monitoring. Results showed that a number of traps had been placed too close together and have overlapping areas. Even so, the technique showed that the total area being monitored in the high quality habitat areas of Siberia and the Russian Far East were slightly greater than 200,000 hectares. In the next field season the project will eliminate all trap overlap and will see an increase in total hectares monitored.
- Three papers on FOREST's work were presented at the International Conference "Monitoring of Forest and Urbo- Ecosystems", November 19-20, 2002 at Moscow State Forest University. The plenary paper by the Pest Monitoring Team, FOREST Project team and partners was discussed thoroughly by participants and with representatives of

the Ministry of Natural Resources and Roslesozaschita. A proposal was made which recommended the expansion of this methodology to other regions of Asiatic Russia.

- The map, “Regions of outbreaks of forest defoliators in Yenisey Siberia”, is now ready for publication. The map provides information on the distribution of 23 different forest insect pest species that are distributed in the forest types of the vast territory along the Yenisey River from the Arctic Ocean to the Mongolian border. In addition, detailed information on the territory occupied by each species and level of damage caused is provided for each leskhoz in Krasnoyarski Krai and the Republics Khakassiya and Tuva.

2. Results by Objective

Pest Monitoring Results as per USAID/Russia’s Strategic Objectives

SO 1.6 Environmental Resources Managed More Efficiently to Support Economic Growth				
<i>IR 1</i>	<i>Previous Total</i>	<i>This Quarter Total</i>	<i>LOP total</i>	<i>Comments</i>
(3) Businesses showing improved performance	2	0	0	1 pheromone trap producer and 1 pheromone dispenser producer
<i>IR 4</i>				
(2) Hectares monitored	200,000			
(3) Regions adopting NRM practices	5	7	7	

Trained 35 people during the quarter and 24 women worked in The Pest Management Component.

3. Key Issues, Problems, and Findings Based on Work to Date

There were no key issues or problems confronting Pest Management in the quarter.

Findings were summarized for the past six months and presented to the Advisory Council at its December meeting in St. Petersburg.

4. Key Deliverables

Publications:

- Baranchikov Y.N., Vendilo N.V., Kondakov Y.P., Kotel’nikov S.I., McFadden M., Matushevich L.S., Mironov V.A., Pet’ko V.M., Popov A.T., Poselennova V.V., Soldatov V.V., Chemodanov A.V., Cherkashin V.P., Sharov A.A., Epova V.I., Yurchenko G.I. Monitoring of Siberian moth populations in the frames of the USAID project on “Forest Resources and Technologies” (FOREST). In: Proceedings, International Conference “Monitoring of Forest and Urbo- Ecosystems”. – Moscow State Forest University Press: Moscow, 2002. – P. 88-89 (In Russian).
- Pet’ko V.M., Baranchikov Y.N., Vendilo N.V., Pletnev V.F., Mitroshin D.B., Lebedeva K.V. Field test of tools for Siberian moth pheromone monitoring. In: Proceedings, International Conference “Monitoring of Forest and Urbo- Ecosystems”. – Moscow State Forest University Press: Moscow, 2002. – P. 90-91 (In Russian).
- Kondakov Y.P., Baranchikov Y.N., Pet’ko V.M., Cherkashin V.P., Korets M.A. Integral evaluation of Siberian moth habitats. In: Proceedings, International Conference “Monitoring of Forest and Urbo- Ecosystems”. – Moscow State Forest University Press: Moscow, 2002. – P. 107-109 (In Russian).

Presentations:

Three presentations were made during the International Conference “Monitoring of Forest and Urbo- Ecosystems”, which took place on November 19-20, 2002 at Moscow State Forest University.

Other Deliverables:

- The map, Regions of outbreaks of forest defoliators in Yenisey Siberia is ready for publication and distribution.
- Two success stories on forest pest monitoring were submitted by The Pest Management Component to USAID Moscow.

5. Summary of Pest Management Tasks of the Last Quarter

Task	Location	Persons Involved	Status/Results
i. Planning, Coordination, and Reporting	Krasnoyarsk, Khabarovsk and in U.S.	McFadden, Sharov, and Baranchikov, Working Group	A forest pest monitoring seminar and a WG meeting were planned and held in Irkutsk on December 10 th and 11 th
ii. Public Awareness	Institute of Forest and Centers of Forest Protection	Baranchikov, Consultants, Center personnel	14 thousand color pocket calendars “Help to save forest! Don’t touch trap !” were published and distributed
iii Delineate Regions of Siberian Forests	Delineate areas and develop maps for Irkutskaya Oblast and Primorski Krai	Institute of Forest, Consultants	Draft maps of Irkutskaya Oblast and Primorski Krai were produced showing areas of potential risk of defoliation by complexes of forest insect pests.
iv. Identify Habitat Quality	Maps of Siberian moth habitats in Motyginskiy and Yeniseiskiy Leskhoz in Krasnoyarski Krai.	Institute of Forest, Consultants	Development of maps of Siberian moth habitat quality for 2 new leskhoz in Krasnoyarskiy Krai was accomplished.
v. Compare Larval Density and Moth Captures by Traps with Different Pheromone Concentrations	Khabarovsk Krai and in Khakassia	Institute of Forest, Far East Forestry Research Institute	Work describing numerical relationships between moth counts, larvae density and pheromone concentrations is continuing in Khakassia and Khabarovsk Krai.
vi. Siberian Moth Population Monitoring in Different Regions of Siberia	Krasnoyarski Krai, Tomskaya, and Irkutskaya Oblasts.	Centers of Forest Protection	Collection of data on Siberian moth density in 2002 was accomplished in three administrative regions of Siberia. 250 traps were placed and 120 permanent sample plots for larvae sampling were set for careful monitoring of the pest.

Task	Location	Persons Involved	Status/Results
vii. Siberian Moth Population Monitoring in Different Regions of RFE	Sakhalinskaya Oblast, Khabarovski and Primorski Krai	Centers of Forest Protection, Far East Forestry Research Institute	Collection of data on pest density in 2002 was accomplished in three administrative regions of the Far East. 400 pheromone traps were placed and 180 permanent sample plots for larvae sampling were set for careful monitoring of the pest.
viii. Pheromone Monitoring of Siberian Moth and Gypsy Moth in an Area with Continuous Sparse Populations	Krasnoyarski Krai, Khakassia	Institute of Forest, Consultants	Results from the second year showed a considerable increase in population density. This may provide an opportunity to predict an incipient outbreak in year 3.
ix. Data Analysis and Decision Support System	Krasnoyarsk, Moscow	Institute of Forest, Pushkino Center, Consultants	Field data collected under tasks vi-vii were summarized in the project database. The base was used to generate maps of the regions with the results of monitoring. Maps are fully available on the Internet to all forest protection decision makers at the local and state levels.
x. Refine and Maintain Website	Krasnoyarsk	Institute of Forest, Consultants	Pest Management Website continued to be refined so it is now more user-friendly and more informative of current results.
xi. Interregional Seminar on Forest Pest Monitoring	Krasnoyarsk and other locations	Institute of Forest, Ministry of Natural Resources, Consultants	The seminar in Irkutsk was held on December 10-11, 2002 as planned. Results are described in this report. Plans for the next seminar to be held in Vladivostok in April are being developed now.

6. Level of Effort

During the quarter (October - December 2002) approximately 36 days or 1.6 person months (based on 22 days/month) were spent on Pest Management. See Appendix B for detailed breakdown of persons, activities, and time.

C. Component 3 – Non Timber Forest Products and Secondary Wood Processing

1. Highlighted Activities, Results, and Findings

- Five specialists trained at the “Saw-Filing Training Center” returned to their companies, where they used their new skills to improve labor productivity, product quality and production volumes. The Saw-Filing Training Center, the first of its kind in

Sakhalinskaya Oblast, was established with a \$30,000 grant from FOREST. Based on the training, a company increased labor productivity by 13.5% and increased production by per shift 10% of export-quality products. Higher prices are expected from a more consistent, higher-quality cut, and costs are further reduced by lower engine loads and power inputs.

- A saw-filer specialist, who completed training at the Saw-Filing Training Center, reported receiving a salary increase of 8% after training, while another's doubled.
- The Sakhalin Association of Forest Products Processors used its FOREST grant to purchase and install equipment and prepare the training curriculum at the Saw-Filing Training Center, with the Oblast Administration's Departments of Forest Industry and Education providing valuable assistance in the process. Additional training rounds are planned, with one-month courses for experienced specialists and three-month courses for beginners. Specialists will be brought from Khabarovsk, Krasnoyarsk and Saint Petersburg, and instructors will receive further education at a Khabarovsk technical institute to ensure they are teaching the most advanced technologies and practices.
- *Region 7 NTFP Association*, signed three contracts for NTFP sales valued at \$900,000 on behalf of its members as a direct result from FOREST assistance provided in assisting them to attend the 'Health Ingredients' International Trade Show in Paris this past September. FOREST sent three association representatives representing 71 companies to this show. *Region 7* members will sell 300 metric tons of honey per year for three years. *Region 7* companies will also supply 21 metric tons of Siberian Ginseng to a Spanish company and 32 metric tons to a German company. Furthermore, a Hungarian company expressed interest in buying herbal teas, and this is currently being facilitated.
- A FOREST Project delegation of 11 company, association, and government delegates from the Russian Far East and Siberia met their Chinese counterparts at the *Sino-Russian Wood Trade & Investment Conference* in Beijing, November 17-18, 2002. Delegates introduced their companies, and government representatives introduced investment proposals, to an audience that included Chinese companies, investors and government bodies as well as international wood industry American firms such as Weyerhaeuser and Rayonier. Also in attendance were foreign international firms including IKEA, and Jaakko-Poyry. Following the conference, the delegation spent three days visiting furniture manufacturers, a pressed wood board plant, and IKEA suppliers in Beijing and Harbin. Delegates made contacts with many potential customers for Russian lumber, including IKEA, which has several China offices and production contracts with over 200 Chinese enterprises. FOREST is proceeding with a China market development to include working with IKEA to develop Russian suppliers, as well as a second Sino-Russian Conference, this time bringing a Chinese delegation to Khabarovsk, to be organized by the Khabarovski Krai Forestry Ministry, the RFE Secondary Wood Processors Association, and Chinawood International.
- *TTS Les* company was approached by a Chinese investor to explore the feasibility of a joint venture for MDF production using sawmill wastes in the Kodinsk area. This company has also received continuing assistance in U.S. appearance-grade pine export development, hosting a consultant in December to improve its manufacturing and drying process and learn more about the requirements of this market. Three U.S. buyers have expressed interest in this and other Siberian companies. Biva Joint Venture, Yeniseyles, Bratskkomplex JSC, TM Baikal, New-Len-Oil, and Khabarovsk Metal Company also

hosted a secondary wood processing/marketing consultant; FOREST will work in the coming months with several of these companies on improving their operations and further developing their U.S., Japan or other market contacts.

2. Results by Objective

NTFP/SWP Results as per USAID/Russia's Strategic Objectives

SO 1.6 Environmental Resources Managed More Efficiently to Support Economic Growth				
<i>IR 1</i>	<i>Previous Total</i>	<i>This Quarter Total</i>	<i>LOP total</i>	<i>Comments</i>
(1) Business associations strengthened	7	0	7	"Strengthened" only counts new FOREST partner associations (none this quarter).
(2) Businesses participating in associations	195	0	195	
(3) Businesses showing improved performance	17	7	24	<ul style="list-style-type: none"> • Matur (Krasnoyarsk, NTFP – new freezing equipment installed, sales increase 5 times) • Commodity Trade Trans (Sakhalin, SWP – new planing equipment installed, 2 new jobs created, new line of product started, sales increase by \$16,000 per year) • Parusnovski DOK (Sakhalin, SWP – new sawing equipment is being purchased to process low quality wood, sales increase of 20% per annum expected) • Parusnovski DOK (Sakhalin, SWP – 2 specialists trained at Center for Cutting Instrument, quality of lumber increased, sales growth expected) • Vostok-Les (Sakhalin, SWP – 1 specialist trained at Center for Cutting Instrument, quality of lumber increased, sales growth expected) • Kholmsk-Leskhoz (Sakhalin, SWP – 1 specialist trained at Center for Cutting Instrument, quality of lumber increased, sales growth expected) • Forest Products (Khabarovsk, NTFP – new marketing strategy employed, trial sales of new products completed, 15% annual sales growth expected)
SO 2.1 More Open, Participatory Society				
<i>IR 2</i>	<i>Previous Total</i>	<i>This Quarter Total</i>	<i>LOP total</i>	<i>Comments</i>
(2) Advocacy campaign conducted	1	0	1	

3. Key Issues, Problems and Findings Based on Work to Date

- While it is a challenging market to develop, China will play a crucial role in the sector overall for Russian secondary wood processing firms needing to find a market for all grades of their product. As the U.S. and Japan markets become the focus of FOREST's export development efforts for our clients' high-grade material, China's low-grade, low-price market remains a tremendous opportunity that cannot be ignored, despite the challenges of communicating, building trust, and operating in a quickly changing and still disorganized market. Moreover, as a project with the ultimate goal of reducing waste and promoting sustainable forest management, FOREST's strategy must evolve to address how our clients will market or utilize all parts of the log – high-grade, low-grade, and waste material. Government and industry representatives on both sides of the border are interested in creating more direct linkages for marketing products processed in Russian mills to Chinese manufacturers. FOREST must choose activities carefully in developing these linkages, but neither Russia nor the U.S. can afford to ignore these opportunities.
- FOREST earlier reported the signing of a partnership agreement between the Sakhalin Association of Forest Products Processors and Maine Forest Products Council/Maine Wood Products Association. Unfortunately, due to perceived competition and a spate of recent mill closures in Maine, the Maine Forest Products Council in January reversed its earlier decision and voted not to participate in this partnership. As a result, FOREST is working with the Sakhalin Association to identify other potential partners.

4. Key Deliverables

- NTFP Working Group meeting minutes
- Sino-Russian Wood Trade Conference participants' trip reports, and conference proceedings (forthcoming)
- Partnership Agreement: Sakhalin Association of Forest Products Processors, Maine Forest Products Council, and Maine Wood Products Association
- Recommendations from company consultations: TTS Les, Biva Joint Venture, Yeniseysles, Bratskkomplex JSC, TM Baikal, New-Len-Oil, Khabarovsk Metal Company (forthcoming)
- FOREST partnering companies' database (expanded format)
- NTFP/SWP presentation to Advisory Council meeting (St. Petersburg, December 17-18, 2002)

5. Summary of NTFP/SWP Component Tasks of the Last Quarter

Task	Location	Status/Results
1. Select Y3 Association(s)		All partner associations for Year 3 already selected. Potential Year 4 partner, representing Irkutsk secondary wood processors, identified at Sino-Russian Conference.
2. Databases, Directories, Websites	Khabarovsk	Expanded database format completed, based on updated company questionnaires. Will be searchable for external and internal use.
3. Support to Associations	All RFE regions	Association twinning and fundraising (Sakhalin-Maine); marketing contacts through trade show/conference participation (Region 7, Siberian Wood Processors Association); training (Sakhalin Association, Siberian Wood Processors Association, RFE Secondary Wood Processors Association). Three volunteer assignments for association support (2 international, 1 national).

Task	Location	Status/Results
4. Support to Association Members	All RFE regions	Five companies took part in saw-filing training; 8 in Sakhalin Association management & advocacy training; 4 in Sino-Russian Conference. Three companies marketing internationally through Region 7's Paris trade show contracts. Seven companies assisted by secondary wood processing/marketing consultant. Five volunteer assignments for association member support (1 international, 4 national).
5. International Trade Shows	Paris	Eleven association, company and regional administration representatives attended the Beijing investment conference (SWP) and met a great interest from Chinese companies; a number of export contracts/investment projects for RFE SWP companies are expected.
6. Women- & Minority-Owned Business	Khabarovsk, Sakhalin	n/a
7. Annual Meetings		n/a
8. Strategic/Annual Plans		n/a
9. Sector-Based Workshops		n/a
10. SWP and NTFP Working Groups	Khabarovsk	NTFP Working group held informal meeting to discuss development of NTFP harvesting regulations (Khabarovsk)

6. Level of Effort

During the quarter (Oct - Dec, 2002), approximately 425 days or 19 months (22 day/month) were spent on NTFP/SWP. See Appendix B for detailed breakdown of person, activities, and time.

D. Component 4 – Renewable Energy Alternatives/Biomass

1. Highlighted Activities, Results, and Findings

Russian wood processing companies working in partnership with FOREST biomass energy/market experts moved forward with development and construction of biomass energy facilities for heat and power production and for adding value to wood products. The projects that moved forward will yield substantial economic development impacts. Several of the projects also have the potential to improve community services. The approach to information dissemination and outreach being used by the FOREST Project continued to generate requests from companies in the region for partnerships.

- Igirma-Tairiku began digging a foundation for a new boiler house. The company is installing four biomass-fired DKVR/10/14 boilers (25 MW thermal energy) from Biyskenergomash to supply energy for 10-12 dry kilns. This new boiler capacity will convert 120,000 m³ of wood-wastes per year into heat that will be used to produce an additional 150,000 m³ of dry lumber per year for export to Japan, Austria and Germany, with an estimated profit of over one million USD/year. FOREST Project experts carried out tests on the company's existing fuels and boilers and helped prepare design recommendations used by Igirma Tairiku for its negotiations with Biyskenergomash. The FOREST experts also reviewed and made recommendations on fuel handling and

storage considerations. The investment in the boilers will produce local jobs for construction in the short term and increased employment at the processing facility in the medium and long term.

- Terneyles has been negotiating with equipment manufacturers for the construction of a cogeneration plant (30 MW thermal energy). This cogeneration plant will save the company over 200,000 USD from the cost of disposing the wood-wastes, and over 500,000 USD from the cost of purchasing power from the grid. Negotiations with equipment manufacturers are based on boiler improvements, fuel handling, and other design recommendations the company and FOREST experts designed in partnership. FOREST experts also recommended which U.S.-based biomass energy equipment producers to contact. The new plant will benefit the company's facilities and production capabilities, as well as the community of Plastun.
- LLC-TTS-Les, the largest member of an association of woodworking companies, has improved its understanding of how investments in biomass energy can support the development of higher value products for export. With approximately 139,000 tons of wood-wastes produced annually, TTS-Les aims to construct a biomass-fired cogeneration plant (30 MW thermal energy) to supply power to itself and its associated companies and to acquire additional dry kilns. This plant will save energy and costs from disposed wood-wastes and add value to wood products for a total added value of over seven million USD/year. FOREST experts advised the company on how to add value to forest and wood products, what the potential revenues from value added processing are, and the options for value added product sales.
- Two FOREST grant recipients, Yartsevo and Parusnovskiy, are using design and business plans FOREST Project experts helped develop to secure finances for biomass energy projects. Yartsevo applied for an IBRD loan to the Krasnoyarski Krai administration for the construction of a cogeneration plant (4 MW thermal energy) to provide power and heat supply for a new sawmill and the Zotino settlement. Through FOREST expert advice, Yartsevo and their design firm increased their understanding of the equipment needed for properly sizing and storing biomass fuels prior to burning, for completing combustion and controlling air pollution emissions, as well as the measures needed to increase water and fuel quality. Parusnovskiy DOK also applied for a loan from the Sakhalinskaya Oblast Administration to install a biomass-fired boiler (0.15 MW thermal energy). The company is considering additional options for financing construction activities, including a co-investment through a local servicing bank.
- The companies, Gorinsky LPK and Amurskiy DOK, having come highly recommended from Vneshtorgbank, worked with FOREST Project experts in acquiring, installing, operating, and maintaining their biomass energy facilities reliably and cost-efficiently. Gorinsky installed a 1 MW steam wood-waste boiler (1 MW thermal energy) and three dry kilns (300 m³ total capacity) having received FOREST technical advice on how to operate and maintain the plant. Amurskiy, having already purchased a hot water boiler (2.5 MW thermal energy) from Kovrovsk Boiler Plant, Russia, asked for FOREST expert advice in improving the water quality and boiler for the heating system and in controlling and monitoring the equipment, so as to install the boiler in March 2003.
- Upon the advice of the Biomass Energy Working Group, the biomass team is assessing options for implementing pilot small-scale biomass systems to generate power and heat at reduced costs to remote off-grid small companies and communities. The provision of

such biomass systems has the potential to mobilize communities in planning, making decisions, and building partnerships. Russian timber companies and FOREST Project experts are under discussion with Russian equipment manufacturers on how best to provide this service.

2. Results by Objective

Biomass Energy Results as per USAID/Russia's Strategic Objectives

SO 1.6 Environmental Resource Managed More Efficiently to Support Economic Growth				
<i>IR 2</i>	<i>Previous Total</i>	<i>This Quarter Total</i>	<i>LOP Total</i>	<i>Comments</i>
Businesses showing improved environmental practices	2	3	5	Igirma-Tairiku began laying the foundation for a boiler house. Gorinsky LPK installed a biomass boiler. Amurskiy DOK acquired a biomass boiler.

Additional Indicators Tracked				
<i>Description</i>	<i>Previous Total</i>	<i>This Quarter Total</i>	<i>LOP Total</i>	<i>Comments</i>
Number of people who received training in biomass energy use (male/female/total)	43/6/49	33/0/33	76/6/82	Representatives of timber companies, design firms, financial institutions, and administration and local authorities increased their skills and awareness at a FOREST-hosted biomass energy workshop in October 2002

3. Key Issues, Problems and Findings Based on Work to Date

- Among wood-processing companies and design firms, there is a need to increase the expertise of specialists in the operation and maintenance of biomass-fired boilers and dry kilns in the RFE and Siberia. Given this need, the FOREST Project plans to conduct design reviews with companies and consultants to increase capabilities in biomass energy in the region.

4. Key Deliverables

- Powerpoint presentation FOREST consultants gave at the biomass energy workshop in Oct. 2002, which included such topics as wood-fired boilers, wood combustion, cogeneration plants, and the advantages and disadvantages of biomass energy.
- Recommendations provided to Igirma-Tairiku on improving fuel quality, testing and evaluating the capacity and performance of boilers, and purchasing the proper equipment needed to handle the anticipated fuel.
- Recommendations provided to Eniseiles on evaluating boilers for improved performance, boiler operator training, fuel storage coverage, and modifications to boilers.
- Recommendations provided to Yartsevo (Zotino) on the proper equipment to properly size and store biomass fuels prior to burning and the use of a reliable biomass combustor.
- Publication of the proceedings from the November 11-12, 2001 "Assessment of Biomass Energy Market Opportunities in Siberia and the Russian Far East."

5. Summary of Biomass Energy Component Tasks of the Last Quarter

Task	Location	Status/Results
Continue to provide technical expert advice to first-tier (Terneyles, Igirma-Tairiku and Eniseiles), second-tier (Yartsevo and Parusnovsky), and third tier companies (TTS-Les, TM Baikal, Gorinsky, Amursky) and their design firms.	Khabarovsk, Irkutsk, U.S.	Ongoing
Host biomass energy workshop in Krasnoyarsk krai for timber companies, design firms, administration and local authorities.	Krasnoyarsk	Completed
Convene first Biomass Energy Working Group	Krasnoyarsk	Completed
Participate in the Technologies and Equipment for Timber, Wood Pulp, and Paper Industries Trade Show	Krasnoyarsk	Completed
Site visits to TTS-Les, Terneyles, Eniseiles, Igirma-Tairiku, Yartsevo, Gorinsky, Amurskiy, Bratsk Pulp & Board Mill, TM Baikal and New-Len-Oil to provide technical expertise	Krasnoyarsk, Irkutsk, Khabarovsk, Primorski krai	Completed/Ongoing
Develop economic and financial models that will allow companies to determine how best to improve the quality of their wood products using biomass energy equipment systems	Khabarovsk, U.S.	Ongoing
Continue outreach to attract additional companies interested in biomass energy.	Khabarovsk, Irkutsk, U.S.	Ongoing
Publish Biomass Energy Market Assessment workshop proceedings	Khabarovsk,	Completed
Complete Biomass Energy Market Assessment report	U.S.	Ongoing
Update the Biomass Energy's Internet page with information on past and upcoming conferences and events	Khabarovsk, Irkutsk, U.S.	Ongoing

6. Level of Effort

During the quarter (October-December 2002), approximately 307 days or 14 months (22 days/month) were spent on Biomass Energy. See Appendix B for detailed breakdown of persons, activities, and time.

V. Cross-Cutting Components

A. Forest Policy and Legal Reform

Policy-related activities will be reported under the four primary components.

B. Applied Forestry Research

Research and carbon monitoring-related activities will be reported under the four primary components.

C. Grants Program

1. Highlighted Activities, Results, and Findings

- Based on grants issued to TTS Les, and Igirma Tairiku, both companies are now in the process of implementing biomass energy components to their facilities.
 - TTS-Les aims to construct a biomass-fired cogeneration plant (30 MW thermal energy) to supply power to itself and its associated companies and to acquire

additional dry kilns. This plant will save energy and costs from disposed wood-wastes and add value to wood products for a total added value of over seven million USD/year.

- Igirma Tairiku company is installing four biomass-fired DKVR/10/14 boilers (25 MW thermal energy) from Biyskenergomash to supply energy for 10-12 dry kilns. This new boiler capacity will convert 120,000 m³ of wood-wastes per year into heat that will be used to produce an additional 150,000 m³ of dry lumber per year for export to Japan, Austria and Germany, with an estimated profit of over one million USD/year.
- 60 people were trained during on full grant application writing trainings which were held in Krasnoyarsk, Irkutsk, Vladivostok, Khabarovsk, and Moscow. Representatives from 30 organizations, which passed pre-qualification stage, took part.
- The Saw-Filing Training Center, the first of its kind in Sakhalinskaya Oblast, was established with a \$30,000 grant from FOREST. Based on the training, a company increased labor productivity by 13.5% and increased production by per shift 10% of export-quality products. Higher prices are expected from a more consistent, higher-quality cut, and costs are further reduced by lower engine loads and power inputs. Improved saw maintenance reduces raw material waste – more boards, less sawdust.
- 12 anonymous experts were selected for full grant proposals review of 3rd grant cycle.
- Club Boomerang almost finished three recreation areas. Sakhalin Association purchased all required equipment for training center, signed a rent agreement for the training center facilities, is in the process of collecting training materials and started to develop a training program. Parusnovsky DOK is closely working with their subcontractor and had a successful visit to Moscow where the preliminary project's results were presented. This work will be finished in January and technical and administrative decisions are being made on further project implementation after the grant project is finished.
- Received 19 full grant proposals by November 1st. Five grant proposals went through best and final round (this is the last step of evaluation process). All of them were submitted for AC members' approval.
- The final approval of grant topics and RFA for 4th cycle was made by Advisory Council members during the meeting in St. Petersburg December, 2002. Approved topics are:

Fire Prevention: (1) Forest Recreation Areas Development (Primorski Krai) and (2) Resource Centers Development for Storing and Promotion of Fire Prevention Materials.

Pest Management: Forest Pathology Management Plan Development for the Subject of Russian Federation.

Biomass Energy: Feasibility Study Development (one stage project) for the Construction of Cogeneration Plants Operating on Biomass (wood waste).

Topic for NTFP/SWP: Proposals on Secondary Wood Processing Export Markets Training was recommended for detailed development. It will be resubmitted for AC members' approval in January.

- Advisory Council approved winners of the 3rd Grant Cycle include:

Fire Prevention: Anagarsky Leskhoz (Irkutskaya Oblast) for Forest Recreation Areas Development.

Pest Management: Federal State Entity “Russian Center of Forest Protection” (Moscow Oblast) for Handbook Development on Methods of Forest Pests and Diseases Monitoring.

NTFP/SWP: “Ekovit” Ltd., (Krasnoyarski Krai) for Proposals on Increasing Value-Added Processing of Forest Products.

Biomass Energy: JV “Igirma Tairiku” Ltd., (Irkutsk Oblast) and “TTC-Les” Ltd., (Krasnoyarski Krai) for Feasibility Study Development on the Construction of Biomass (Wood Wastes) Energy Facilities.

- Conducted monitoring visit of the second grant cycle grantee (Fire Prevention Component): Model Forest “Gassinski” (Khabarovsk). The initial agreement will be extended due to the fact that autumn activities were moved to spring, because of early winter. Also, recommendations on improving the grant implementation were developed and provided to the grantee. They were accepted and will be implemented according to agreed work plan.

2. Results by Objective – N/A

3. Key Issues, Problems and Findings Based on Work to Date – N/A

4. Key Deliverables – N/A

5. Summary of Grants Component Tasks of the Last Quarter

Task	Location	Status/Results
1. Administer Grant Program. Sub-task: Develop Request for Application	Khabarovsk, Krasnoyarsk	1. Ideas Coordinated. 2. RFA topics reviewed and approved. 3. RFA topics presented to the AC.
2. Administer Grant Program. Sub-task: Requesting, Reviewing and Approving Full Grant Proposals	Khabarovsk, Krasnoyarsk, Irkutsk, Moscow	1. All the necessary information on Full Grant Applications distributed. 2. Trainings on completing Full Grant Application provided. 3. Full grant applications evaluated.
3. Training for Grant Applicants. Sub-task: Training conduction.	Khabarovsk, Krasnoyarsk, Irkutsk, Moscow	1. Training for pre-qualified applicants on Full Grant Applications writing took place.
4. Administer Grant Program. Sub-task: Disbursement	Khabarovsk	1. Assisted in providing the advance payment to a grantee. 2. Maintained the record of advances, disbursements and reconciliations from applicants. 3. Assisted in providing disbursement payment to a grantee.

Task	Location	Status/Results
		4. Maintained the record of advances balance for each grant. Assisted in submitting the wire request to the HQ.
5. Administer Grant Program. Sub-task: Reporting and Monitoring	Khabarovsk	1. Grantee Reporting System managed. 2. Documentation of the expenses checked. 3. Monitoring of the grantees' activities managed. 4. The receipt of information from applicants managed. 5. Site visits to the grantees organized.

6. Level of Effort

During the quarter (Oct-Dec 2002) approximately 245 days or 11 months (22 days/month) were spent on the Grants Program. See Appendix B for detailed breakdown of persons, activities, and time.

D. Volunteer Program

1. Highlighted Activities, Results, and Findings

Five National and four US volunteer experts (VEs) completed 9 assignments.

Assignment	VEs	Component	Deliverables/Results
Compile a business plan	1 US	NTFP/SWP	A strong and concise business plan on producing appearance-grade lumber was developed for <i>Nord Baikal</i> . A contact to the US based Forestry Machines was provided by the volunteer to be developed into a long-term partnership.
Develop and conduct a public awareness campaign	1 Nat	Pest Management	A national volunteer developed and conducted a public awareness campaign to minimize the loss of the pheromone traps used in monitoring of Siberian moth. The loss of the traps was registered as 4% against 20 % in other areas.
Establish a supplier relation (the assignment was conducted via email)	1 US	NTFP/SWP	Research on the companies in Europe and the US interested in establishing a supplier relationship was provided. Rules of trade and the requirements for the certification were studied and presented.
Set up a flash freeze line for wild berries.	1 Nat	NTFP/SWP	The temperature regimes for flash freezing and storing lingberry, bilberry and blueberry were adjusted and set up for <i>Matur</i> . As a result 7.500 kgs of wild berry were processed through flash freezing (against 1.500 kgs in 2001)
Train associations on association management and advocacy	2 US	NTFP/SWP	A two day workshop on association management and advocacy tools was provided for three FOREST Partner associations.

Assignment	VEs	Component	Deliverables/Results
Consult on wood waste boiler operation	1 Nat	Biomass Energy	Two companies (<i>Gorinsky LPK and Amursky DOK</i>) received consultancy on their technical monitoring and maintenance procedures to ensure that their facility operates reliably and cost-efficiently
Assess technologies for low-sort wood processing	1 Nat	NTPP/SWP	Opportunities and the quality of low-sort wood for further processing were assessed. The 5-step program on modernizing the equipment and introduction of new technologies was developed. The innovations will increase economic efficiency in processing low-sort wood.
Develop a marketing program	1 Nat	NTPP/SWP	The Forest Information Resource Center of Krasnoyarsk received consultancy in marketing information services. The volunteer recommended introducing various marketing tools to promote forestry related informational services. On VE's recommendation the web site was improved, the internet shop started working, and a market specialist was hired.

2. Results by Objective – N/A

3. Key Issues, Problems and Findings Based on Work to Date – None

4. Key Deliverables

- Recreation zone grant recipient Gasinskii Model Forest officially opened its recreational site on October 24th. As recommended by FOREST volunteers, two gazebos, a large outdoor pavilion with stage, picnic sites and an ecological trail in close proximity to the Forestry Museum were built for visitors.
- Developed a business plan for producing appearance-grade lumber.
- A freezing line processed 7.5 tons of lingberry.
- Minimized the loss of pheromone traps through a public awareness campaign.
- Provided a workshop on association management tools and advocacy.
- Provide technical monitoring and maintenance procedure on wood waste boilers.
- Developed a program for processing low sort wood.
- Developed a program for marketing information services.
- Developed a detailed document on trade rules and requirements for wild berry export.

5. Summary of Volunteer Component Tasks of the Last Quarter

Task	Location	Status/Results
To assist with improving private businesses, association/NGOs development and activity related to sustainable forestry.	Siberia Sakhalin Primorye Khabarovski Krai	Ongoing

6. Level of Effort

During the quarter (Oct-Dec 2002) approximately 104 days or 5 months (22 days/month) were spent on the Volunteer Component. See Appendix B for detailed breakdown of persons, activities and time.

VI. Notifications

- Project Manager Patrick J. Perner will depart Russia during the third week of February in accordance with Russian law to renew his visa. His current visa expires February 20th.
- WI is currently seeking new office space in Khabarovsk as our building has been sold; the building, where we are presently located, has been purchased by Bank of Moscow and will be converted into a bank.